

## Message Text

UNCLASSIFIED

PAGE 01 CARACA 00239 082143Z

63

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-02 RSC-01 PRS-01 SP-02 SS-15

USIA-15 FEA-01 AEC-07 AID-05 CEA-01 CIEP-02 COME-00

EB-07 FPC-01 INT-05 OMB-01 SAM-01 OES-05 STR-04

TRSE-00 FRB-01 AECE-00 /107 W  
----- 097281

P 082007Z JAN 75

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 7180

UNCLAS CARACAS 0239

E.O. 11652: N/A

TAGS: ENRG PFOR VE

SUBJECT: PRESIDENT PEREZ' NEW YEAR'S SPEECH-HIS NATIO-  
NALIZATION PHILOSOPHY

1. WITH THE SYMBOLIC RAISING OF THE ENEZUELAN FLAG ON CERRO BOLIVAR JANUARY 1, PRESIDENT CARLOS ANDRES PEREZ MET HIS COMMITMENT TO NATIONALIZE THE IRON ORE CONCESSIONS HELD BY US STEEL AND BETHLEHEM STEEL AS OF THE END OF 1974. FOLLOWING THIS CREMONY, HE TRAVELS ON TO PUERTO ORDAZ WHERE HE DELIVERED HIS NEW YEAR'S DAY ADDRESS. AS IN MOST OF HIS IMPORTANT PUBLIC STATEMENT SINCE HIS OPEN LETTER TO PRESIDENT FORD, HIS POLITICAL AND ECONOMIC PHILOSOPHY IS BECOMING MORE CLEARLY DEFINED. IN SPITE OF CRITICIMS OF THE MAJOR OPPOSITION COPEI POLIICAL PARTY TO THE FORM OF NATIONA- LIZATION EMPLOYED, PRESIDENT PEREZ HOPTED TO REAP LARGE DOMESTIC POLITICAL DIVIDENS FROM THIS ACT. ACTUAL CROWD TURNOUT FOR THE SPEECH WAS ESTIMATED BY ONE FOREIGN OBSERVER AT ABOUT 3,000 WHERE SOME 50,000 HAD BEEN PREDICTED. HEAVY PUBLICITY CONTINUES FOR THE IRON ORE NATIONALIZATION , WITH FULL- PAGE NEWSPAPER ANNOUNCEMENTS TO EFFECT THAT QUOTE THE IRON ORE

UNCLASSIFIED

PAGE 02 CARACA 00239 082143Z

IS OURS AND VENEZUELA IS FORGING ITS OWN DESTINY UNQUOTE.

STREET BANNERS WITH SIMILAR SLOGANS ARE MUCH IN EVIDENCE IN CARACAS, AND A NEWLY COMPOSED SONG PRAISING THE NATIONALIZATION IS HEARD REGULARLY ON THE RADIO STATIONS.

2. SOME POINTS IN THE NEW YEAR'S SPEECH, WHICH HAS BEEN PREVIOUSLY TRANSMITTED BY FBIS, SHOULD BE READ CAREFULLY. PRESIDENT PEREZ APPEARS MORE FIRMLY COMMITTED TO STATE CONTROL OF THE TWO BASIC RESOURCE INDUSTRIES, IRON ORE AND PETROLEUM, RATHER THAN ANY FORM OF MIXED ENTERPRISE. THUS HIS STATEMENT QUOTE VENEZUELA MUST PROVE THAT IT IS SUFFICIENTLY CAPABLE OF MANAGING ITS IRON INDUSTRY AND DEFEAT ONCE AND FOR ALL THE THESIS THAT 'THE NATIONALIZATION OF THE BASIC INDUSTRIES GOES AGAINST THE BEST INTEREST OF THE NATION BECAUSE THE STATE IS A POOR ADMINISTRATOR' UNQUOTE.

3. PEREZ CLEARLY IS SIGNALING THAT WHILE NATIONALIZATION MUST COME, HE WILL PROCEED CAREFULLY AND CONTINUE TO DEPEND UPON THE FOREIGN OIL COMPANIES FOR SOME TIME, AS STATED IN THE FOLLOWING SPEECH EXCERPTS: QUOTE WE ARE ACTING CALMLY AND RESPONSIBLY. AT THIS CRUCIAL MOMENT IN HER HISTORY, ARVENEZUELA CANNOT TAKE UNNECESSARY RISKS WHICH MAY LEAD TO HEARTACHES AND ANGUISH SINCE THERE IS NO REASON FOR US TO SUFFER... WE HAVE AGREED ON A TRANSITIONAL PERIOD WITH THE INTERNATIONAL ENTERPRISES. THIS IS IN KEEPING WITH THE NATIONAL INTEREST... I DO NOT THINK I EXAGGERATE WHEN I SAY TO THE NATION THAT THIS HISTORICAL EVENT WILL BE A REFERENCE POINT IN FUTURE STUDIES OF INTERNATIONAL LAW. HISTORY WILL SPEAK OF A DEVELOPING NATION GOVERNED BY A DEMOCRATIC CONSTITUTIONAL SYSTEM WHICH PROCEEDED TO TAKE INTO ITS HANDS THE BASIC INDUSTRIES WITHOUT HISTORICAL OR POLITICAL RAGE, AND THAT HIS COMPLEX DECISION WAS GOVERNED BY THOUGHTFUL PROCESS AND CREATIVE INTELLIGENCE. WE HAVE NOT CONFISCATED OR DENIED ANYONE'S RIGHT, BUT WE HAVE VINDICATED VENEZUELA'S RIGHT TO ADMINISTER ITS OWN RESOURCES UNQUOTE.

4. A THIRD POLICY OBJECTIVE DEFINED IS THAT VENEZUELA WILL HONOR SUPPLY COMMITMENTS AS ELABORATED IN FOLLOWING EXCERPTS: QUOTE WE HAVE NATIONALIZED THE IRON INDUSTRY, NOT TO WITHDRAW IT FROM INTERNATIONAL COOPERATION, BUT TO USE IT IN THE CONSTRUCTION UNCLASSIFIED

UNCLASSIFIED

PAGE 03 CARACA 00239 082143Z

OF AN INDEPENDENT AND TRULY SOVEREIGN NATION... WE HAVE NATIONALIZED IRON TO PROCESS IT IN VENEZUELA.. TO PLACE THE FRUIT OF OUR FREE WORK AT THE SERVICE OF ALL MANKIND... VENEZUELA'S FOREIGN POLICY IS NOT AIMED AT USING OIL OR IRON AS A MEANS OF CONFRONTATION OR RETALIATION... WE HAVE ALWAYS BEEN AND WILL CONTINUE TO BE LOYAL IN FULFILLING COMMITMENTS AND FOSTERING INTERNATIONAL SOLIDARITY, BUT WE CANNOT SACRIFICE OUR DIGNITY THROUGH AGREEMENTS WHICH COULD NOT BE

EXPLAINED CLEARLY TO THE COUNTRY UNQUOTE.

5. PEREZ DOES NOT ABSOLVE THE VENZUELANPEOPLE OF ALL BLAME IN THE DEVELOPMENT PROCESS AS IS EVIDENT IN THE FOLLOWING QUOTATION: QUOTE THE GOVERNMENT'S ETHICS CANNOT BE DIVORCED FROM THE ETHICS AND OVERALL BEHAVIOR OF THE COMMUNITY. CORRUPTION IS NOT TO BE FOUND EXCLUSIVELY IN THE STATE ORGANIZATION. RATHER IT STEMS FROM TRADITION OR FROM THE DRIVE TO ACQUIRE WEALTH EASILY, A DRIVE WHICH WE HAVE BEEN SUBJECTED TO BECAUSE OF THE OIL AFFLUENCE. DEMOCRACY IS THE BEST ENVIRONMENT IN WHICH TO REVIEW, COMBAT AND OVERCOME THE PROBLEM OF CORRUPTION. I EXPRESS THE PROBLEM IN ONE SIMPLE WORD: CORRUPTION. AND I INSIST THAT THERE IS NOT ONLY ADMINISTRATIVE CORRUPTION BUT ALSO CORRUPTION WITHIN OUR SOCIETY. UNQUOTE. MILLS

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRESIDENT, NATIONALIZATION, IRON, PRESS COMMENTS, SPEECHES, PETROLEUM CONCESSIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 08 JAN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975CARACA00239  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750008-0113  
**From:** CARACAS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750170/aaaacjqc.tel  
**Line Count:** 130  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION ARA  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ShawDG  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 11 MAR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <11 MAR 2003 by daviscw>; APPROVED <29 DEC 2003 by ShawDG>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PRESIDENT PEREZ' NEW YEAR'S SPEECH-HIS NATIO- NALIZATION PHILOSOPHY  
**TAGS:** ENRG, PFOR, VE, (PEREZ, CARLOS ANDRES)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006